



CONNECTICUT
ASSOCIATION
of NONPROFITS

...to serve, strengthen
and support Connecticut's
nonprofit community.

**Testimony before the Commerce Committee
2.3.11**

**In Support of
SB 127, AAC Updates to the Neighborhood Assistance Act**

Ron Cretaro, Executive Director

Senator LeBeau, Rep. Berger and members of the committee, thank you for the opportunity to submit testimony. Connecticut Association of Nonprofits (CT Nonprofits) is the largest membership organization in Connecticut dedicated exclusively to working with nonprofits in Connecticut. We represent over 500 nonprofits across the state. We would like to thank you for introducing SB 127, *An Act Concerning Updates to the Neighborhood Assistance Act* and fully support its modification to make the credit available to partnerships, limited liability companies and "S" Corporations and to increase the allowable annual tax credit amount per business firm.

Since the removal of taxes on "S" corporations, gradually the level of utilization of Neighborhood Assistance Tax Credits has declined. Also, in the current legal and tax environment, family and closely-held businesses are no longer "C" corporations and exist as "S" corporations. Under current law, up to \$5 million in credits are available only to "C" corporation businesses in support of local nonprofit organizations. This bill attempts to modernize the legislation that was originally enacted when limited liability companies and limited liability partnership did not exist. It will afford "S" corporations, limited liability companies and limited liability partnerships to contribute to community nonprofit programs and facilities in the way now limited to C corporations.

The bill also seeks to increase the allowable annual tax credit amount per business firm from \$75,000 to \$250,000. We support such an increase and hope that it will encourage businesses to invest more in their local communities. At a time when financial resources are sparse, anything the state can do to encourage greater philanthropy in our communities is a welcome and important measure.

The Neighborhood Assistance Tax Credit program was begun as a bipartisan initiative of this General Assembly over two decades ago. It is our hope that this modernization and update will enjoy the same bipartisan support as elicited at its inception.

Thank you for attention to this matter. Please do not hesitate to contact me with questions.